

Message Text

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ORIGIN NEA-12

INFO OCT-01 ADP-00 EB-11 HEW-08 COME-00 TRSE-00 AID-20

NSC-10 RSC-01 CIEP-02 SAL-01 SS-14 STR-08 OMB-01

CEA-02 OPIC-12 USIA-12 CIAE-00 INR-09 NSAE-00 L-03

PA-03 PRS-01 /131 R

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R 230024 Z MAR 73

FM SECSTATE WASHDC

TO AMEMBASSY COLOMBO

C O N F I D E N T I A L STATE 053459

E. O. 11652: GDS

TAGS: EIND, ETRD, CE

SUBJ: PHARMACEUTICAL INDUSTRY

1. REPRESENTATIVE OF PHARMACEUTICAL MANUFACTURERS ASSOCIATION (PMA) HAS ADVISED DEPT OF FOLLOWING INFO IT HAS RECEIVED ON GSL PLANS RE PHARMACEUTICAL IMPORTS INTO SRI LANKA:

A) SRI LANKA STATE PHARMACEUTICAL CORP. (SPC) ANNOUNCED ON MARCH 9 THAT SPC WOULD ASSUME TOTAL CONTROL OF IMPORTS OF BULK RAW MATERIALS AND FINISHED GOODS AND WOULD BECOME SOLE IMPORTER BY END OF 1973.

B) SPC HAS CALLED MEETING FOR MARCH 23 AT WHICH PHARMACEUTICAL MANUFACTURERS WILL BE GIVEN DETAILS AND ASKED TO COOPERATE.

C) PMA HAS PRESS ARTICLE WHICH INDICATES SPC MAY TAKE OVER DISTRIBUTION OF FINISHED GOODS, BUT THERE HAS BEEN
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NO OFFICIAL STATEMENT IN THIS RESPECT.

D) GSL MOTIVATION SEEMS TO BE EFFORT TO SAVE FX.

2. PMA HAS EXPRESSED FOLLOWING CONCERNS REGARDING THIS ACTION:

A) IF US SUPPLIERS WERE UNDERBID BY OTHER FOREIGN SUPPLIERS US AFFILIATES IN SRI LANKA WOULD BE FORCED TO USE MATERIALS FROM THESE OTHER SOURCES.

B) IT VIOLATES COMPANY' S RIGHT TO ASSURE QUALITY OF ITS OWN PRODUCTS.

C) IT WOULD REMOVE THE ASSURANCE OF QUALITY DRUGS.

D) WHERE PATENTS ARE INVOLVED, IT MIGHT FORCE A SUBSIDIARY TO INFRINGE ON ITS OWN PARENT' S PATENT.

E) IT DISCOURAGES SUPPLIERS OF QUALITY MATERIALS AND LEADS TO FEWER BIDDERS AND HIGHER PRICES INSTEAD OF STIMULATING COMPETITION.

F) IT DISCOURAGES COMPANIES IN SRI LANKA WHO HAVE WORLD- WIDE QUALITY REPUTATION AT STAKE -- COMPANIES WHICH INCUR EXPENSES FOR RESEARCH AND DEVELOPMENT AND HIGH QUALITY CONTROL.

G) IT DISCOURAGES FUTURE FOREIGN INVESTMENT.

H) IT REMOVES ACCESS TO, OR DELAYS INTRODUCTION OF, NEW PRODUCTS IN SRI LANKA BY DISCOURAGING FOREIGN COMPANIES FROM DOING BUSINESS THERE.

3. PMA REQUESTED DEPT ADVISE EMBASSY OF ABOVE, REQUESTED THAT EMBASSY GET IN TOUCH WITH US DRUG FIRM REPRESENTATIVES IN COLOMBO AND SUGGESTED PROTEST TO GSL BY EMBASSY MIGHT BE APPROPRIATE.

4. DEPT ADVISED PMA REP THAT QUESTION HAD ORIGINALLY ARISEN ABOUT TWO YEARS AGO (COLOMBO 064, JANUARY 09, 1971)
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AND THAT AMBASSADOR HAD DISCUSSED MATTER WITH INDUSTRIES

MINISTER AT THAT TIME. DEPT AGREED PASS ALONG PMA INFO
AND VIEWS TO EMBASSY BUT INDICATED THAT AS EXACT NATURE OF
PROBLEM AS YET UNKNOWN, PROTEST BY EMBASSY DID NOT APPEAR
TO BE IN ORDER AT THIS TIME.

5. APPRECIATE EMBASSY KEEPING US ADVISED OF DEVELOPMENTS
IN THIS MATTER. ROGERS

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*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

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